THE LEADING HOTEL GROUP
IN EASTERN EUROPE

1H 2017 Orbis Results

27 July 2017

Hospitality – an industry that flourishes

Booming tourism in Europe

615 million (half of all) international tourist arrivals chose Europe in 2016;
187 million came to EE (+4% y/y)

New travelers' habits and expectations

Tourists, driven by emotions, are **changing their expectations**

Digital transformation

E-reputation and new digital tools & services redefined hospitality

New comers

Increasing role of **new competitive market players**: Intermediaries (OTA, Metasearch) and alternative accommodations (private rental, hostel, modular conception)

Developing Infrastructure

Robust development of **travelling and MICE infrastructure**; (e.g.:+37% growth of air passengers in EE during the last 5 years)

Growing economy

+3.3 % average GDP growth forecast in 2020F across countries in EE region where Orbis is present

Strong results that confirm the right strategy

PERFORMANCE

+7.0%
RevPAR

Increasing operating indicators in all countries of the EE region

PLN 170.2 RevPAR in total like-for-like

+23.1%
EBITDA

1H 2017 operating EBITDA reached level of **PLN 202.2 m**

PORTFOLIO

7
Asset-light

7 new franchise and management agreements signed with **940 rooms** in total

PEOPLE

Talent & Culture

Innovative recruitment and attractive on-boarding processes, contribute to **successful talent management**

Orbis Hotel Group

01. PERFORMANCE

OPERATING PERFORMANCE

FINANCIAL RESULTS

02. PORTFOLIO

DEVELOPMENT & ASSET MANAGEMENT

03. PEOPLE

TALENT AND CULTURE

04. DIGITALIZATION

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Strong RevPAR growth

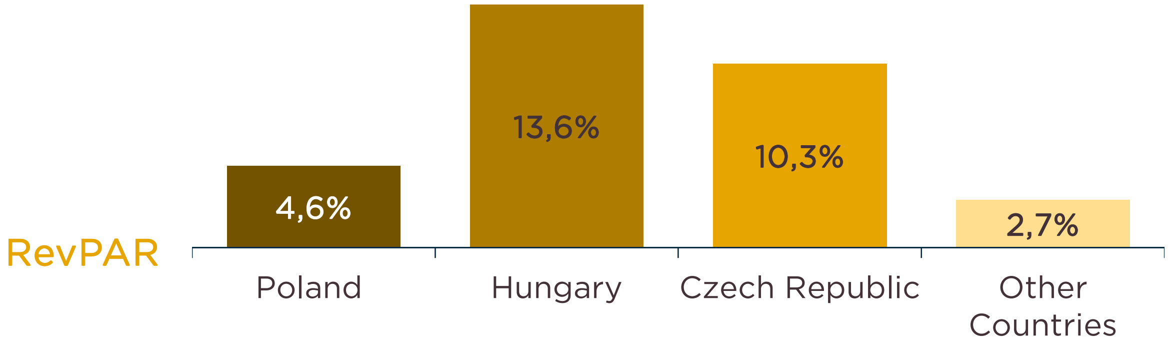
	Occupancy rate		ARR		RevPAR	
	1H 2017	% y/y	1H 2017	% y/y	1H 2017	% y/y
Economy	72.0%	2.8 p.p.	172.4	4.7%	124.1	9.0%
Up & Midscale	69.1%	0.9 p.p.	281.2	4.8%	194.2	6.1%
Orbis Hotel Group	70.0%	1.8 p.p.	243.0	4.3%	170.2	7.0%

RevPAR
+7.0%

The result reflects the combined impact of successful revenue management approach, active distribution strategy and is supported by favourable touristic climate all over the region

Solid performance in all countries

	Occupancy rate		ARR		RevPAR	
	1H 2017	% y/y	1H 2017	% y/y	1H 2017	% y/y
			PLN			
Poland	68.4%	0.0 p.p.	234.1	4.6%	160.1	4.6%
Hungary	71.3%	6.4 p.p.	257.2	3.5%	183.3	13.6%
Czech Rep	73.7%	4.8 p.p.	253.0	3.1%	186.4	10.3%
Other	80.0%	0.2 p.p.	270.1	2.5%	216.0	2.7%



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Growing revenue continued...

Total y/y

+6.2%	Revenue PLN +39.7m
+7.3%	Room Revenue PLN +31.5m
+4.1%	F&B Revenue PLN +6.9m

Across the region y/y

+4.2%	Poland PLN +16.9m
+12.9%	Hungary PLN +18.1m
+6.6%	Czech Rep. PLN +3.4m
+2.8%	Other PLN +1.2m

....and turned into robust financial PERFORMANCE

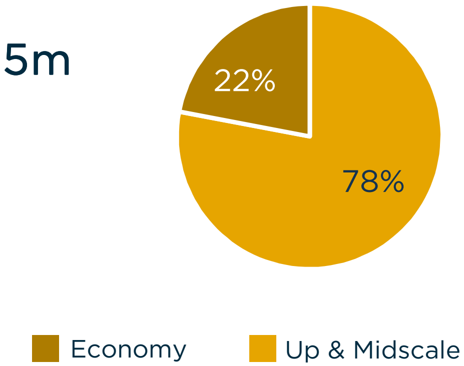
[mPLN, %]	1H 2017	1H 2016	%
Net sales	679.5	639.9	6.2%
EBITDAR	237.1	213.3	11.1%
EBITDAR margin	34.9%	33.3%	1.6 pp
Rent costs	(34.9)	(49.0)	28.8%
Operating EBITDA	202.2	164.3	23.1%
EBITDA margin	29.8%	25.7%	4.1 pp
Depreciation and amortisation	(82.2)	(72.8)	-12.8%
EBIT	121.1	91.5	32.3%
Profit before tax	104.8	84.9	23.5%

Positive changes in business structure

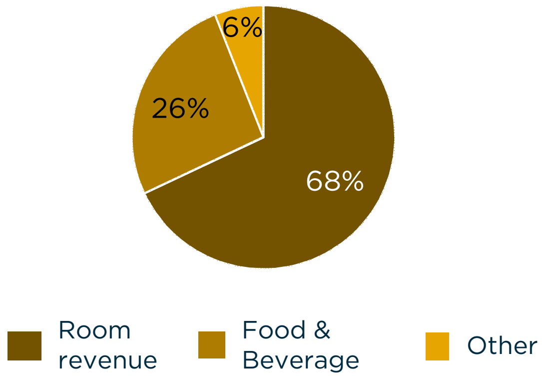
PLN 679.5m

Net sales
1H 2017

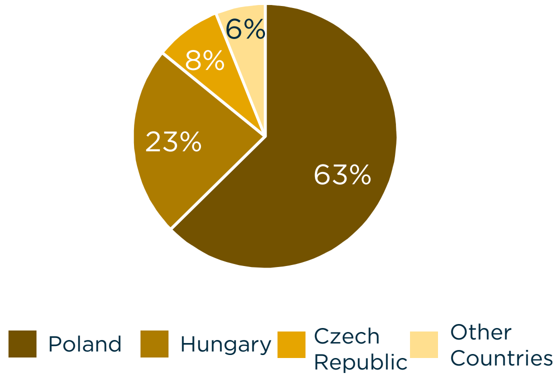
by hotel segments



by major products and services

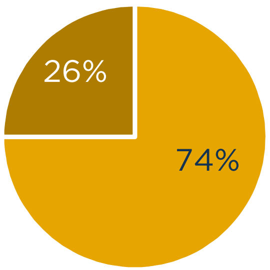


by geographical markets

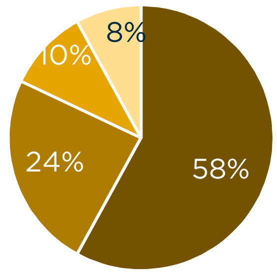


PLN 237.1 m

EBITDAR
1H 2017



Diversified business structure: by hotel segments, by products & services and by geographical markets



Secured and strong cash position

Key cash position indicators:

[mPLN, %]	1H 2017
Total debt (borrowings + bonds)	661.3
Total cash Secured for investment opportunities	242.6
Net debt	418.7
Net debt/equity	21.6%
Net debt/12M EBITDA	0.9

FINANCING

We plan to **finance further growth** with a mix of debt and owned resources (refinancing and development)

CASH GENERATION

Our business delivers sustainable recurring operating cash flow which we use for CAPEX, Development and dividend payout

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PORTFOLIO strategy – right on track

Network development

Owned properties
in strategic cities (capital cities and business hubs)

Asset light mode
in secondary cities

Product improvement

- Rebranding
- Renovation
- Modernization

Portfolio restructuring

Buy-back
leased properties

Disposing
of non-strategic assets

Sale and franchise back

Contracts signed

7 agreements: franchise management

940 new rooms

2 new destinations: Bosnia & Hercegovina Serbia

4 hotels to be opened already in 2H 2017
(out of contracts signed in 1H17)

Accelerating asset light expansion

ibis Styles Warsaw City
Poland

MGallery by Sofitel Wrocław
Poland

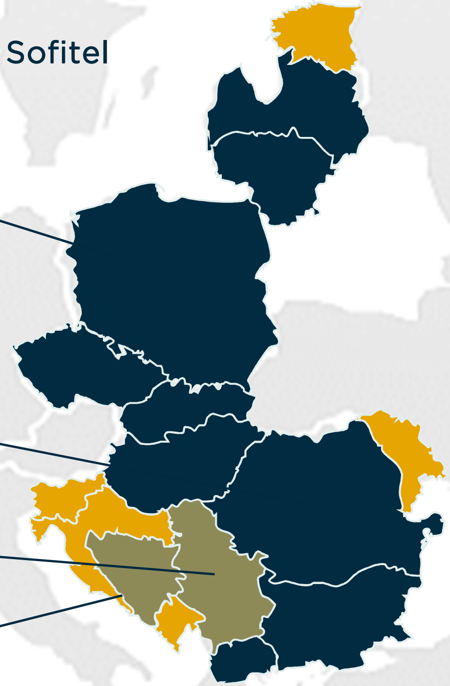
Mercure Sighisoara
Romania

ibis Bucharest
Romania

Mercure Belgrade
Serbia

Novotel Sarajevo
Bosnia & Hercegovina

MGallery by Sofitel Tarcin Forest Resort
Bosnia & Hercegovina



Orbis Hotel Group

Ongoing new hotel projects

ibis Vilnius Center

164 rooms

ibis Styles Warsaw

178 rooms

ibis Styles Szczecin

148 rooms

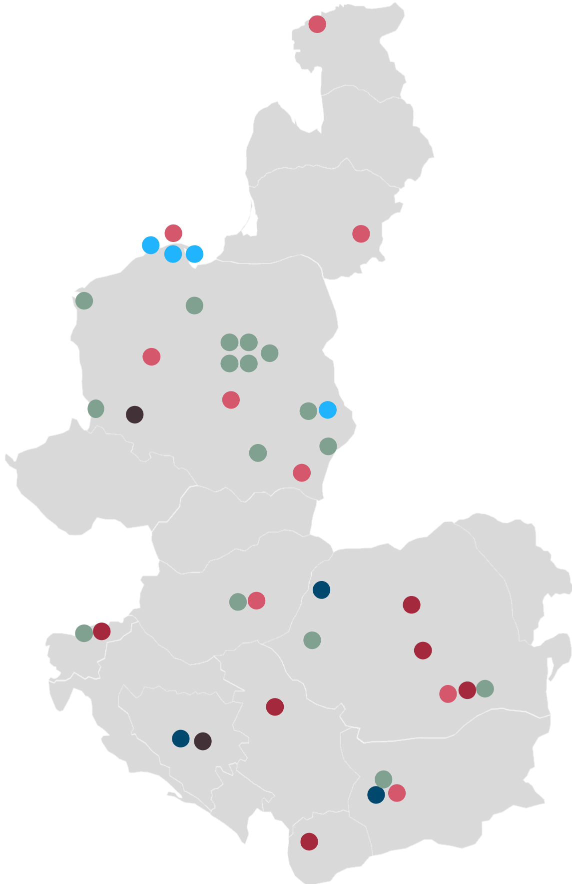
ibis budget Gdańsk Posejdon

76 rooms

Record number of hotels in pipeline

40 hotels
ca. 4 800 rooms

Ownership: 6
Management: 16
Franchise: 18



Brand

MGallery	2
Novotel	3
Mercure	6
ibis Styles	16
ibis	9
ibis budget	4

117 hotels
19,800 rooms
already in Orbis network

Orbis Hotel Group

Renovations contribute to better customer experience

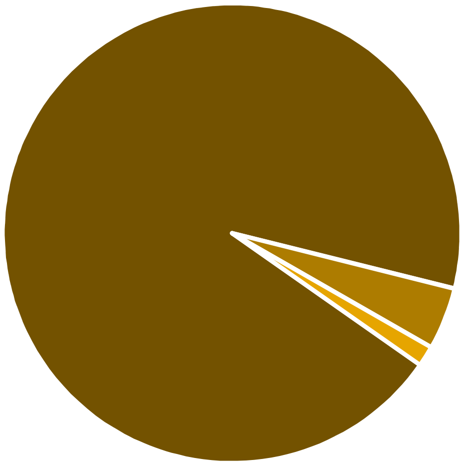



Main renovations

- Novotel Krakow City West
- MGallery by Sofitel Prague Old Town
- Mercure Budapest City Center
- Novotel Poznan Center
- Mercure Budapest Buda

Capital expenditure in line with the strategy

CAPEX 1H 2017 – **PLN 518.5m**



PLN 471.5m*
Buy-back

PLN 30.6m
Development projects

PLN 16.4 m
Regular and other

6 LEASE BUY BACKS

- Mercure Budapest Buda
- Mercure Budapest Korona
- ibis Styles Budapest Center
- ibis Budapest City
- ibis Budapest Centrum
- Sofitel Budapest Chain Bridge

DEVELOPMENT / RENOVATIONS

- ibis Styles Warszawa Centrum
- ibis budget Gdańsk Posejdon
- MGallery by Sofitel Prague
- Mercure Budapest City Center
- Novotel Poznań Centrum
- Novotel Kraków City West

* Sales price plus fees

PLN 468.1m
cash impact

Assets Secured

Sustainability

Profitability

Buy-back of strategic hotels

Mercure Budapest Buda (390 rooms)
Mercure Budapest Korona (420 rooms)
ibis Styles Budapest Center (130 rooms)
ibis Budapest City (84 rooms)
ibis Budapest Centrum (126 rooms)

Buy-back price: **PLN 291.2m**

ibis Styles Center already renovated, Mercure Buda and Mercure Korona upcoming renovation

Sofitel Budapest Chain Bridge (357 rooms)

Buy-back price: **PLN 176.9m**

Under further sale & management back transaction planned in 4Q 2017

Further restructuring of asset portfolio

over
PLN 40m
of total
cash impact
as of 27/07/2017

2 hotels

Sale and franchise back of non-strategic hotels:
- Mercure Karpacz Resort
- Mercure Jelenia Góra

other

Other non-strategic asset disposals

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New cultural approach bears fruits

TALENT MANAGEMENT IS THE SET OF INTEGRATED ORGANIZATIONAL PROCESSES DESIGNED TO ATTRACT, SELECT, DEVELOP, MOTIVATE, AND RETAIN PRODUCTIVE, ENGAGED TALENT.

Strong Employer Branding activities

New recruitment approach

New on boarding strategy

Cultural transformation

Transparent development opportunities

New leadership model

Orbis Hotel Group

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Digitalization revolutionizes customer journey

Solid investment in IT infrastructure supports guest centricity

ACQUISITION

- High-impact search engine campaigns
- Reinforced visibility of brands on web display
- Strong social media presence
- Guest knowledge, enriched by CRM content

DISTRIBUTION

- Direct websites
- AccorHotels.com mobile app
- Metasearch
- Strong reinforcement of digitalized and dynamic corpo rates

GUEST EXPERIENCE

- Simplification of staff journey
- 80 city guides
- Welcome (online check-in, fast check-out)
- One-click payment: personal E-wallet
- Restaurants by AccorHotels
- New digital offer: co-working space

Promising outlook

Performance

We are confident that our **active sales** and **revenue management strategy** will bring further growth in following months

Talent & Culture

Group's cultural transformation underway with **first promising achievements** despite complex employment market in the region

+40 Hotels

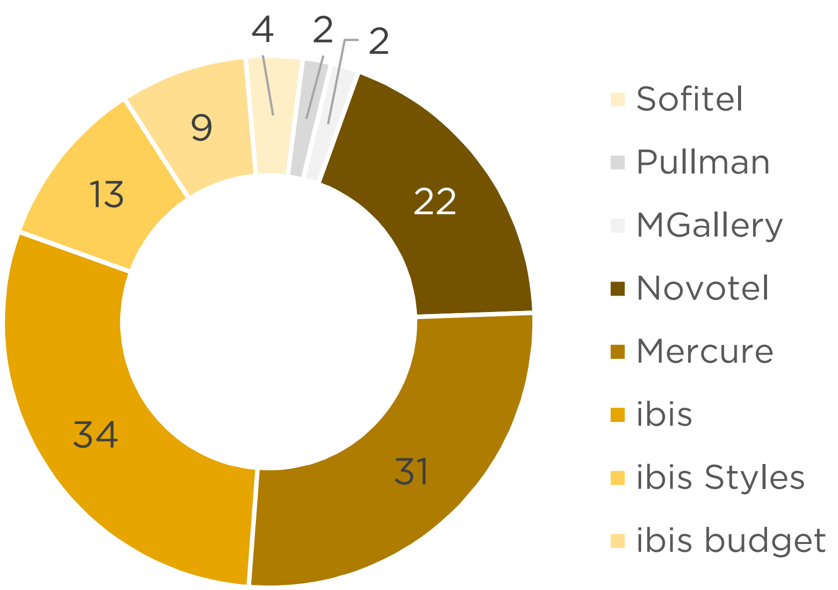
Our **development pipeline is strong** and secured with **40 hotels** and we are still **looking for further hotel acquisitions** and growth opportunities

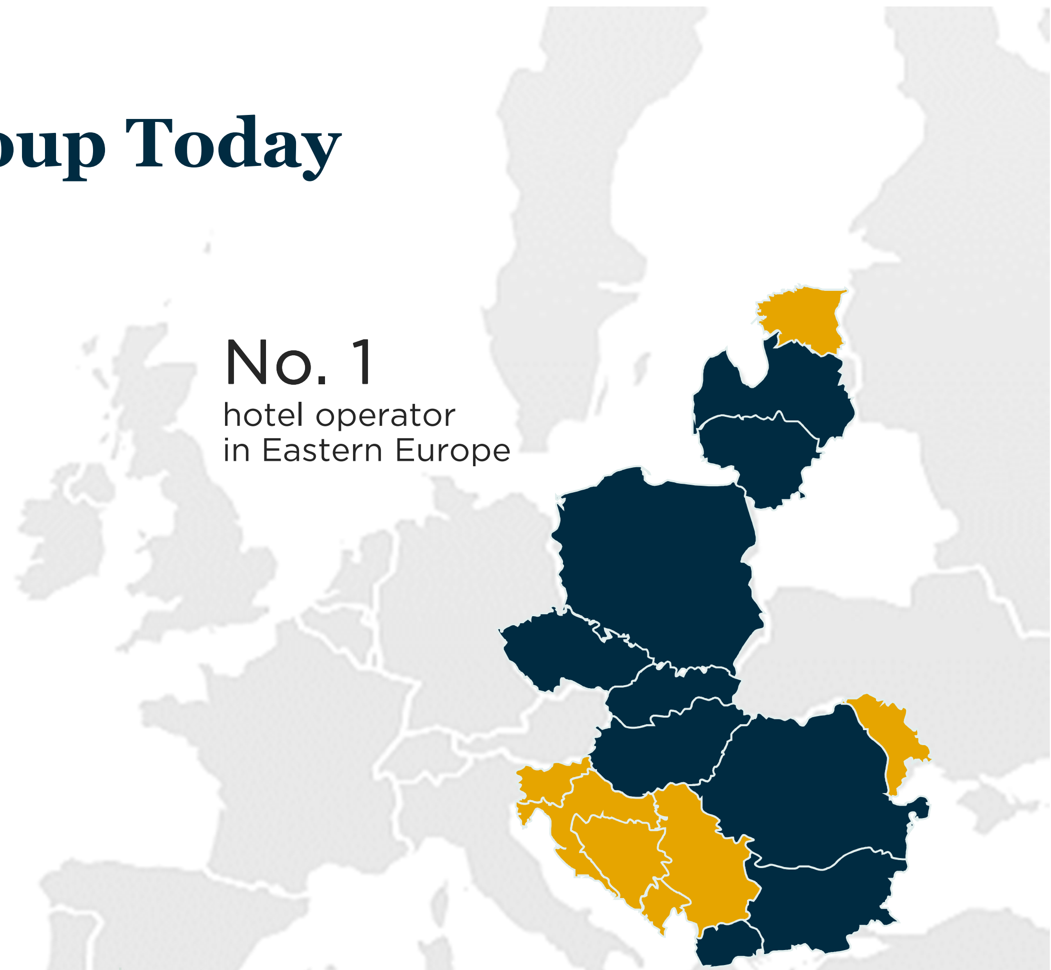
Forecast

Positive outlook for the following months is reflected in 2017 operating **EBITDA forecast at PLN 450-460 million**

Q&A session

The Orbis Group Today





117 OPERATING HOTELS | 19 800 ROOMS | 8 BRANDS | 9 COUNTRIES | 7 COUNTRIES TO BE DEVELOPED | 4 000 EMPLOYEES

Orbis Hotel Group

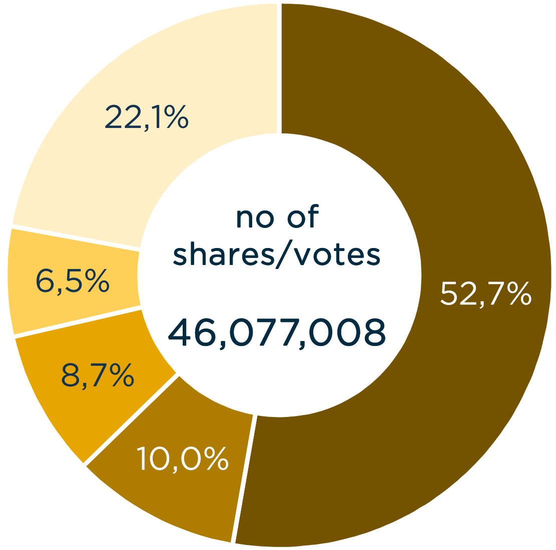
Orbis Group Hotels by Country and by Brand

	Sofitel	Pullman	MGallery	Novotel	Mercure	ibis	ibis Styles	ibis budget	Total
Poland	3			13	23	15	8	9	71
Hungary	1		1	5	3	5	2		17
Czech Republic			1	1	1	5			8
Slovakia					1	1			2
Romania		1		1	1	4			7
Bulgaria				1		1			2
Macedonia						1			1
Lithuania				1	1	1	2		5
Latvia		1			1	1	1		4
Total	4	2	2	22	31	34	13	9	117

Shareholder structure

Details of shareholder structure
(08.06.2017 – Orbis General Assembly – entitled do vote)

	no of shares	% in equity
Accor Group	24,276,415	52.7%
Aviva pension fund	4,596,000	10.0%
Nationale-Netherlanden pension fund	3,990,000	8.7%
Metlife pension fund	3,000,000	6.5%
Other free-float	10,241,593	22.1%
Total	**46,077,008**	



Orbis has been listed on the **Warsaw Stock Exchange** since 1997
and its stocks make up the WSE's mid-cap mWIG40 index

List of Hotels with their ownership structure and rooms number

POLAND

O	127	Sofitel Grand Sopot
O	343	Sofitel Warsaw Victoria
L	205	Sofitel Wrocław Old Town
O	158	Novotel Gdańsk Centrum
O	176	Novotel Gdańsk Marina
O	300	Novotel Katowice Centrum
O	305	Novotel Kraków City West
O	198	Novotel Kraków Centrum
O	161	Novotel Łódź Centrum
O	480	Novotel Poznań Centrum
O	149	Novotel Poznań Malta
O	117	Novotel Szczecin
O	281	Novotel Warszawa Airport
O	742	Novotel Warszawa Centrum
O	145	Novotel Wrocław City
O	192	Novotel Wrocław Centrum
F	90	Mercure Bydgoszcz Sepia
O	78	Mercure Cieszyn
F	102	Mercure Częstochowa Centrum
O	281	Mercure Gdańsk Stare Miasto
O	294	Mercure Gdynia Centrum
F	188	Mercure Jelenia Góra
F	288	Mercure Kasprowy Zakopane
O	200	Mercure Kraków Stare Miasto
F	100	Mercure Krynica Zdrój Resort & Spa
F	110	Mercure Lublin Centrum
F	214	Mercure Mrongovia Resort & Spa
O	103	Mercure Opole
F	62	Mercure Piotrków Trybunalski Vestil
O	151	Mercure Posejdon Gdańsk
O	228	Mercure Poznań Centrum
F	67	Mercure Racławice Dosłońce Conference & SPA
F	148	Mercure Skalny Karpacz
O	110	Mercure Toruń
F	117	Mercure Warszawa Airport
O	338	Mercure Warszawa Centrum
O	299	Mercure Warszawa Grand
O	151	Mercure Wrocław Stare Miasto
F	54	Mercure Zamość Stare Miasto
F	125	ibis Częstochowa
O	120	ibis Gdańsk Stare Miasto
O	114	ibis Katowice-Zabrze
O	114	ibis Kielce Centrum
O	175	ibis Kraków Centrum
O	208	ibis Łódź Centrum
O	146	ibis Poznań Centrum
F	77	ibis Poznań Północ
O	135	ibis Stare Miasto Kraków
O	103	ibis Szczecin Centrum
O	189	ibis Warszawa Centrum
O	137	ibis Warszawa Ostrobramska
O	170	ibis Warszawa Reduta
O	333	ibis Warszawa Stare Miasto
O	112	ibis Wrocław Centrum
F	129	ibis Styles Białystok
O	133	ibis Styles Bielsko-Biała
F	70	ibis Styles Gniezno Stare Miasto
F	57	Ibis Styles Nowy Sącz
F	100	ibis Styles Siedlce
F	130	ibis Styles Wałbrzych
F	133	ibis Styles Wrocław Centrum
F	82	Ibis Styles Grudziądz
O	124	ibis budget Katowice Centrum
O	120	ibis budget Kraków Bronowice
O	167	ibis budget Kraków Stare Miasto
O	120	ibis budget Szczecin

List of Hotels with their ownership structure and rooms number

O	83	ibis budget Toruń
O	176	ibis budget Warszawa Centrum
O	163	ibis budget Warszawa Reduta
O	108	ibis budget Wrocław Południe
O	122	ibis budget Wrocław Stadion
		LITHUANIA
L	157	Novotel Vilnius
F	47	Mercure Marijampole
M	125	ibis Kaunas Centre
F	92	ibis Styles Wilno
F	144	ibis Styles Klaipeda
		LATVIA
F	154	Pullman Riga Old Town
F	143	Mercure Riga Centre
F	104	ibis Riga
F	76	ibis Styles Riga
		HUNGARY
L	357	Sofitel Budapest Chain Bridge
M	80	Nemzeti Budapest – MGallery Collection
L	227	Novotel Budapest Centrum
O	319	Novotel Budapest City
L	175	Novotel Budapest Danube
O	136	Novotel Szeged
L	95	Novotel Szekesfehervar
O	390	Mercure Budapest Buda
O	227	Mercure Budapest City Center
O	421	Mercure Budapest Korona
O	139	ibis Budapest Aero
O	126	ibis Budapest Centrum
O	84	ibis Budapest City
O	139	ibis Budapest Heroes' Square
O	96	ibis Gyor
O	130	ibis Styles Budapest Center
O	130	ibis Styles Budapest City
		CZECH REPUBLIC
L	174	MGallery Praha Old Town
O	146	Novotel Praha Wenceslas Square
O	139	Mercure Ostrava Center
F	90	ibis Olomouc Centre
O	130	ibis Plzen
O	225	ibis Praha Mala Strana
L	271	ibis Praha Old Town
O	181	ibis Praha Wenceslas Square
		SLOVAKIA
L	175	Mercure Bratislava Centrum
L	120	ibis Bratislava Centrum
		ROMANIA
M	203	Pullman Bucharest World Trade Centre
L	257	Novotel Bucharest City Centre
M	114	Mercure Bucharest City Center
M	250	ibis Bucuresti Gara de Nord
M	161	ibis Bucaresti Palatul Parlamentului
M	154	ibis Constanta
M	195	ibis Sibiu
		BULGARIA
M	178	Novotel Sofia
F	84	ibis Sofia Airport
		MACEDONIA
M	110	ibis Skopje City Center

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Orbis' strategic partner is ACCORHOTELS

www.accorhotels.com

SOFITEL MGALLERY pullman NOVOTEL Mercure ibis ibis STYLES ibis budget